



SUPPORT SENATE BILL 231 (Senator George K. Muñoz)

Create Incentives to Encourage Employers to Hire Current and Former Foster Youth

THE ISSUE

Young people aging out of foster care endure poor outcomes with high social costs. At age 18, they leave the system without the life experiences and necessary family supports to become successful adults. Many are ill-prepared to secure and succeed in their employment and career interests, and few employers are willing to hire these young people who may require additional resources and support.

In order to improve their transition to adulthood and help address New Mexico's skilled employee gap, **young people aging out of foster care must be allowed to work, and employers must be encouraged and supported in providing employment opportunities for foster youth.**

THE OPPORTUNITY

Senate Bill 231 will address this concern by:

- Providing a monetary incentive to employers who hire current and former foster youth
- Giving foster youth increased access to jobs

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FREQUENTLY ASKED QUESTIONS

Who is this legislation for?

Employers of any size who employ current or former foster youth will benefit from this legislation, as well as the youth who are hired as a result.

What does the bill do?

The proposed legislation provides taxpayers who employ ‘qualified foster youth’ for at least 20 hours per week up to a \$1,000 tax credit per foster youth employed during a given tax year. The tax credit can be carried forward up to three years if the credit exceeds the employer’s tax liability in the year the credit is claimed.

Who are ‘qualified foster youth’?

For the purposes of this bill, a ‘qualified foster youth’ is an individual:

- Currently in the legal custody of Children, Youth and Families Department or a New Mexico Indian nation, tribe, or pueblo human services; OR
- Who was, within the last seven years, in the legal custody of one the above entities when they were 14 years or older; AND
- Worked as an employee for at least 20 hours per week; AND
- Was not employed by the employer prior to the year in which the credit was claimed.

Why do we need it?

Youth placed in foster care are often denied the chance to participate in the everyday activities – such as after-school or part-time jobs – that help them develop interests, acquire skills, and build supportive relationships. Consequently, youth who age out of the foster care system experience worse life outcomes than their peers, including homelessness, unemployment, and poverty. They have vast potential and capacity, but even as young adults, they still do not have access to many of the experiences and opportunities required for a successful transition to adulthood. Obtaining a first job is essential in developing their life skills and putting them on the path to sustained future employment and career development.

Who will administer it?

As with the Veterans Tax Credit and other tax credits, the Taxation and Revenue Department will administer this and will collaborate with Children, Youth and Families Department to establish procedures to certify qualifying youth.

What will it cost?

The cost will depend on the number of foster youth who are employed and identified as such in any given year, with the potential cost of \$1,000 per youth employed. There will be potential cost savings, due to increased employment of former foster youth. In effect, this legislation will reduce the unemployment rate of foster youth and reduce the long-term cost burden associated with unemployment, homelessness, and other negative social impacts.

ADDITIONAL QUESTIONS

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